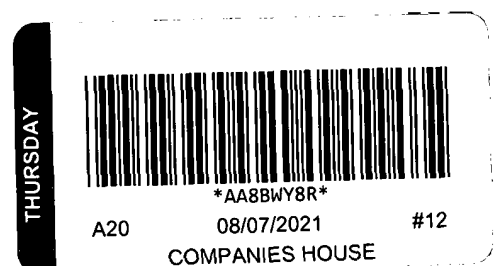


Offshore Renewable Energy Catapult
Consolidated financial statements and annual report
for the year ended 31 March 2021

Registered Number 04659351



Offshore Renewable Energy Catapult

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Offshore Renewable Energy Catapult

Strategic report

The directors present their strategic report for the year ended 31 March 2021.

The Offshore Renewable Energy Catapult (“ORE”) is one of a network of ‘Catapults’. The Catapult centres are a network of world-leading centres designed to transform the UK’s capability for innovation in specific areas and help drive future economic growth. Established by the UK Government through Innovate UK, Catapults are a series of physical centres where the very best of the UK’s businesses, scientists and engineers work side by side on late-stage research and development – transforming high potential ideas into new products and services to generate economic growth.

Business Review and Principal Activities

ORE Catapult is the UK’s flagship technology innovation and research centre for offshore renewable energy. The ORE Catapult’s strategy is to leverage its unique testing and demonstration facilities, regional presence and expertise to work in close partnership with the largest companies in the offshore renewables industry – the original equipment manufacturers (OEMs) and other large industrials, the developers, owner/operators and small and medium sized enterprises (SMEs) – to improve existing and develop next generation renewable energy technology in the UK. In so doing, ORE Catapult enables and supports the development of a vibrant indigenous supply chain, provides a clear route to market for innovative new companies and technologies, and directs and pulls through applied research from the UK’s world-leading academic base.

To execute this model, the business is organised into three primary delivery functions:

- Operational Performance - collaborates with owner/operators and OEMs in the area of Operations and Maintenance, driving improvement in the existing wind farm fleet, developing the UK’s capabilities and opportunities in this critical area of service delivery and enabling future global exports.
- Test & Validation - applies technical expertise and assets to accelerating technology development and demonstration with major industrial partners, technology innovators and the research community, delivering improvements to existing technology and driving the development of the next generation.
- Research & Disruptive Innovation – enables the development and commercialisation of future offshore renewable energy technologies through both applied research in collaboration with UK and international academia and via direct innovation to SMEs.

The Group has had a demanding but positive year in supporting the offshore renewable energy industry. While the COVID-19 pandemic dominated many aspects of life and has presented unprecedented challenges for business operations, the Group’s results for the year were not adversely affected. The results for the Group show a turnover (which recognises the receipt of core grant funding) of £29.1m (2020: £28.0m) and profit before taxation of £2.1m (2020: £3.3m). All profit is re-invested in group activities.

Activity levels increased across all of the commercial and collaborative research & development activities combining to deliver growth in revenue to £16.5m (2020: £14.7m) in the year. At the year-end the Group has net assets of £12.1m (2020: £10.7m).

During the year, ORE Catapult engaged with 237 SMEs (2020: 235), established 100 in-depth SME collaborations (2020: 53) and undertook 34 new collaborations with academia (2020: 43). The year also saw us engage with our 1000th SME since we started operations in 2013, with the total supported at the end of the financial year sitting at 1040.

Offshore Renewable Energy Catapult

Strategic report (continued)

Business Review and Principal Activities (continued)

Rapidly developing and adopting safe operating protocols to enable continued safe operations within COVID-19 restrictions, we completed testing of the world's longest blade at our unique facilities in Blyth, and reached major milestones in testing the largest turbine – both critical to the development of the world's biggest windfarm at Dogger Bank and delivery of its significant contribution to the UK's net zero commitment; we launched the Energy Transition Alliance to help decarbonise the Oil and Gas industry and boost progress in addressing common challenges and opportunities in offshore energy industries; we established the Floating Offshore Wind Centre of Excellence as an influential, industry-backed force for realising the potential of this major new growth opportunity; we opened new operational facilities for our Operations and Maintenance Centre of Excellence in Grimsby; and we expanded our business acceleration support programmes, Fit for Offshore Renewables to more parts of the UK to bring more companies into the offshore renewables supply chain, and offered new innovation support opportunities to SMEs in North East England, East Anglia and North East Scotland.

ORE Catapult's programme in China, via the TUS-ORE Catapult Research Centre joint venture, was restricted by the impacts of COVID-19, although online events enabled continued engagement for UK SMEs. Broader opportunities for growth in our international activity were pursued, leading to projects with Taiwanese, South Korean and US partners, and the potential to create new opportunities for UK businesses in India – all developing offshore wind markets.

The company is limited by guarantee. The liability of the members is £1 each.

Principal Risks and Uncertainties

ORE Catapult manages a portfolio of risks that represent both internal and external challenges to the business. Risks are proactively identified, assessed and reported to the Executive Management Team, Audit Committee and Board. Controls are identified and as continuous improvement, mitigations are implemented to reduce the impact of the risk should it materialise and the likelihood of occurrence. All risks are assigned 'owners' and categorised against risk categories that reflect the nature and scope of the Catapult's activities. In FY20-21, ORE Catapult conducted a wide ranging business improvement and governance review which included reviewing and improving the approach to managing risk to the Board agreed risk appetite for each risk category, with new rigorous processes ensuring consistent risk management practices are practised fully across the business.

The key business risks and uncertainties affecting the group are considered to relate to the unique and ground breaking nature of commercial activities along with economic uncertainty arising from COVID-19 (which also carries the potential to impact on multiple fronts ranging from actual Catapult operations, to the supply chain, in particular SMEs); political uncertainty arising from geopolitical developments, including the UK's changing priorities following departure from the European Union; evolving Government policy (both towards the role of Catapults and support of renewable energy) which is typically reflected in the availability of publicly available Research & Development (R&D) funding, and ensuring full and adequate governance over the Catapults expanded regional presence. In addition, ORE Catapult has considered risks related to the delivery of its objectives and internal control environment, including: health and safety; operation and maintenance of its assets and facilities; data and information security; capacity and capability; employee retention and regulatory compliance.

The business risks and uncertainties outlined above are managed through the regular review of risk with individual risk owners and in full by the Executive team on a quarterly basis during the year. In the first instance controls are identified and implemented to manage each risk and through a culture of continuous risk reduction, additional mitigating actions (e.g. in the area of cyber security, adopting and implementing Cisco

Offshore Renewable Energy Catapult

Strategic report (continued)

Principal Risks and Uncertainties (continued)

Umbrella to address the widespread move to home working) are identified and implemented during the year as ongoing active steps to constantly mitigate against the live and on-going nature of risk exposure.

Key Performance Indicators (KPIs)

ORE Catapult measures progress against its annual service delivery plan and objectives through milestones and Key Performance Indicators (KPIs) agreed during the annual planning process. All significant milestones and KPIs for FY20-21 were achieved (or were within acceptable tolerances) in the year. The Catapult is committed to the 'thirds' model (the concept under which is over time, the Catapult revenue line balances out as one third core grant, one third commercial income and one third collaborative research income. In this regard the Catapult continues to make good progress with year on year revenue growth rising to £29.1m (2020: £28.0m), see note 1. These metrics have been selected to evidence progress towards achieving our stated output and outcome goals and cover a wide range of activities including: R&D projects, collaborations with UK companies, technology innovation and commercialisation, as well as revenue targets. Key output measures such as UK SME and Business engagement are also recorded to track our impact on creating and growing UK innovative companies. In addition the Catapult also tracks a number of 'internal' KPIs e.g. cost control targets and future contracted revenue targets, staff utilisation and other people related KPIs.

In aggregate, milestone and KPI progress is tracked and reported to the Executive Management Team monthly and at each meeting of the Board and Audit & Risk Committee as well as quarterly to Innovate UK.

Equality, Diversity and Inclusion

At ORE Catapult we recognise the importance of providing an inclusive workplace for all our people to feel safe and supported at work, no matter what their individual characteristics. We encourage everyone to bring their whole selves to work to enable a work environment that is supportive and collaborative and where integrity is valued. As well as benefiting employees, we believe this approach also creates the conditions for the diversity of thought and innovation that allow us to perform at our best for everyone. Demonstrating resilience and determination to overcoming barriers, we will strive to achieve excellence.

We recognise that at ORE Catapult we are on a learning journey, exploring and growing in our understanding of equality, diversity and inclusion. Over the next year we will build on our previous year efforts on gathering knowledge, working with organisations with relevant expertise to assess where we are at as an organisation, and use this to conclude our future strategy and approach. We will continue to build on our foundation work, always striving to create an even greater inclusive environment, and continue to pursue outreach measures for those who are currently under-represented in our organisation, including Black and minority ethnic communities, disabled people, women and those from the LGBTQ+ community. We believe that by creating such an environment we can attract the very best talent, regardless of background, to work at ORE Catapult. We will continue to seek feedback from our current employees and ensure our inclusion efforts are well informed by their lived experience.

We will continue to play an active role in the Offshore Wind Industry Council's commitment to increase the representation of women in the workforce to a third by 2030 and commit to seeking to achieve this target within our own organisation. We will work in collaboration with Innovate UK and the wider Catapult Network in commitment of Diversity and Inclusion, recognising the convening role of the Catapult in having a positive influence on behaviour of industry and academia.

Offshore Renewable Energy Catapult

Strategic report (continued)

Corporate & Social Responsibility (CSR)

The Catapult's CSR policy acknowledges that our organisation is part of a broader social network of people, values, other organisations and the natural environment. We recognise that CSR broadens our impact beyond our core, strategic business operations to directly benefit our environment, employees, customers and communities.

We are committed to reducing our direct impact on the environment by actively managing our waste, emissions and consumption of natural resources. Our Catapult will proactively protect the environment, as outlined in our Environmental Policy (PO33002). We aim to create a workplace that encourages safe, diverse, and equal opportunities for all in compliance with our Equal Opportunity and Diversity Policy (PO4180). We also believe that running a successful business is grounded in treating our customers, suppliers, partners and wider business stakeholders with fairness, and to act with integrity in all of our commercial activity.

To play a positive role in society, we have adopted a community engagement strategy that focuses our resources and expertise in support of STEM education in our local communities, delivering impactful, social benefit. We support programmes where we have a significant and physical presence, such as Levenmouth Academy in Fife, a STEM Club initiative in Glasgow, and the Blyth STEM Hub in Northumberland. Our other regional offices are also starting to engage with communities, including Hull/Humber and Pembrokeshire.

On behalf of the board



A J Jamieson
Director

24 June 2021

Offshore House, Albert Street, Blyth, Northumberland NE24 1LZ

Offshore Renewable Energy Catapult

Directors' report

The directors present their report with the audited consolidated financial statements of the company and the group for the year ended 31 March 2021.

Future Outlook

In the next decade, the offshore wind market in the UK, already the largest in the world, is forecast to increase fourfold and require a suite of technology rich products and services to rise to the challenge of lower costs, bigger turbines and deeper waters. The directors are of the view that this presents an unprecedented opportunity for UK business to thrive from offshore wind - reinforced by calls for a green economic recovery from the profound economic difficulties triggered by the COVID-19 pandemic - and are confident that ORE Catapult will remain at the forefront of efforts to address the market failures which persists when linking promising UK innovators and companies with the end market.

To deliver UK growth from renewables and the broader energy transition, formidable challenges must be overcome: the UK's skills, infrastructure and funding gaps still hinder innovation, supply chain growth and manufacturing opportunities, while sub-optimal planning and consenting processes threaten to hold back expansion. Significant supply chain investment and development is required to meet market demand, particularly in areas such as high value manufacture, ports and related infrastructure, digitalisation, robotics and automation. With the rapid increase in offshore wind turbine size set to continue, radical new innovation in areas such as blades, generators and bearings is needed, presenting the opportunity for the UK supply chain to capture manufacture and – critically - IP in the core hardware. Operations and maintenance accounts for c. 50% of through-life cost of offshore wind, and the UK holds unique experience and leadership in critical technologies such as digitalisation, robotics and automation, to take optimum advantage of this long-term opportunity. Floating Offshore Wind is set to become cost-competitive with fixed foundation from c. 2030, and the UK can capitalise on its early experience in this market predicted to be worth £45bn by 2050.

ORE Catapult's programmes, facilities and expertise address these challenges, stimulating the development of technology and supply chain capacity to realise the economic benefits of the green energy revolution for the UK. Operating at the centre of the offshore renewables sector, as a unique partner to industry, innovators, academia and government, we are instrumental in driving the innovation agenda, building capacity to develop and commercialise technology, sparking strategic collaboration and expanding business support opportunities, all of which are required to unlock the huge potential of the UK's natural energy resource to stimulate UK economic growth, create jobs, regeneration and carbon reduction.

The location of our centres of operations, largely in coastal communities with the greatest needs of economic regeneration also means that ORE Catapult's activities are playing a critical role in the levelling up agenda, driving economic growth and job creation across the UK.

The directors, having observed the impacts of COVID-19 during FY20-21, are reassured that the offshore renewable energy markets remain buoyant, with the results of the fourth offshore wind leasing round providing a major boost for the UK's green economy. They remain alert however to broader economic developments which may restrict public funding of collaborative research, or put additional strain on the supply chain, in particular SME's developing emerging technologies. The market conditions for the renewable energy market are linked in large part to global oil prices and UK Government energy policy; while COVID-19 has impacted global oil prices, in the short term, demand for oil is envisaged to return as countries emerge from the pandemic.

The directors do not recommend the payment of a dividend (2020: £nil).

Offshore Renewable Energy Catapult

Directors' report (continued)

Distribution of Income

The Catapult is designed to re-invest any profit within the Group to ensure maximum resources are utilised to support the offshore renewable energy industry. As governed by the Memorandum of Association, no portion of the income of the company shall be paid or transferred to any members of the company except where it is payment in good faith for remuneration for services rendered, rent for premises demised or let by any member of the company or repayment of out-of-pocket expenses to directors.

Streamlined Energy and Carbon Reporting (SECR)

In line with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy, the Group has for the first time elected to report its greenhouse gas emissions from its operations. This includes UK consumption of electricity, gas and transport fuels where the company is responsible for the fuels. All SECR reporting requirements for unquoted large companies have been calculated and the energy consumption and emissions for the Group are reported in the table below.

GHG Emissions and Energy use data for period 1 April 2020 to 31 March 2021

	2021 tCO ₂ e
Scope 1: Emissions from gas and fuel	153
Scope 2: Emissions from purchased electricity (Location-based)	9
Total Scope 1 & 2 Emissions	162

Carbon Offset	2021 tCO ₂ e
Renewable electricity generated by Levenmouth turbine and exported to the grid (backed by REGOs) – 16,484 MWh	(3,843)
Total net emissions	(3,681)

Intensity ratio: tCO₂e per FTE (16.36)

Energy consumption used to calculate above emissions:	2021 kWh
Gas and fuel	699,258
Electricity ¹	4,757,769
Total energy consumption	5,457,027

¹ Zero emissions REGO backed (Renewable Energy Guarantees of Origin) renewable sources accounted for 99% of the electricity consumed in the year (4,718,081 kWh), with the balance relating to estimated electricity consumption of employees working remotely during the year. Taking into account the carbon offset from the renewable electricity exported to the grid, the Group emissions are fully offset in the year.

Offshore Renewable Energy Catapult

Directors' report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

The methodology used to report our GHG emissions was based on WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as our framework for calculations and disclosure, where UK Government GHG Conversion Factors for Company Reporting for 2020 (June 2020) have been applied.

We are committed to reducing our direct impact on the environment by actively managing our waste, emissions and consumption of natural resources. Within ORE Catapult we have an active, employee led, Environmental Committee with a principle aim of promoting more sustainable practices and reducing our environmental footprint. We actively monitor our impact on the environment and set targets for ongoing improvement, such as minimising waste by evaluating operations and ensuring maximum efficiency. The Environmental Committee is committed to supporting employees who are pursuing the Net Zero – Circular Economy strategy by providing them with the tools to make small changes through weekly employee communications, implementing a new employee electric vehicle leasing scheme, providing appropriate recycling facilities and investigating options of recycling used turbine blades and cable sections to repurpose as bike shelters. At ORE Catapult, we recognise that we have a significant role to play in the pursuit of a more environmentally sustainable future and we are committed to embedding this ethos across the group's activities.

Research and Disruptive Innovation

The group continues to develop its research and disruptive innovation (R&DI) activities, to focus on industry priorities, and to actively integrate these with ORE Catapult's Operational Performance and Test & Validation capabilities. This also ensures that the Catapult's facilities are closely aligned with the sector needs and positions the business to be successful in applying to participate in national and international collaborative research projects. During the year there has been significant activity to identify and accelerate promising technologies towards commercialisation, seed the next generation of high growth businesses and help them to access the UK's indigenous market and export opportunities. Further, the Catapult has partnered with leading international institutions to ensure UK research is highly relevant to the industry and, collectively with industry, knowledge gaps are filled to create the intellectual capacity needed to maintain a leading position in global markets.

Financial risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. ORE Catapult policies are aimed at minimising such losses (e.g. the Company has implemented policies that require credit checks on potential new customers before sales are made). Credit limits are assessed on an ongoing basis and adjusted as appropriate and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's receivables are shown on the face of the balance sheet.

ORE Catapult actively manages its sources of finance and associated liquidity risk to ensure it has sufficient funds for its operations. Operations are subject to careful financial control, including detailed budgeting, cash forecasting and the regular review of working capital. In addition cash received from funding partners and held to distribute to collaborative research partners, is separately accounted for and ring fenced from working capital.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular commercial or CR&D project, or Catapult asset (e.g. Significant Test Assets) or liability (e.g. decommissioning provisions). ORE Catapult manages this risk, where significant, by the adoption of robust governance procedures, including the Investment Committee, careful review of proposed new contracts, risk identification and mitigation and the financial sensitivity modelling of likely cash flows.

Offshore Renewable Energy Catapult

Directors' report (continued)

Directors

Unless stated below, the directors shown below have held office during the whole of the year, and up to the

date of signing these financial statements.

C W Hood (Chairman)

A J Jamieson (Chief Executive)

Sir J R McDonald (resigned 06 October 2020)

F S Hallsworth

J E King, The Baroness Brown of Cambridge (resigned 06 May 2021)

Dame L A Glover

H P McNeal

H Den Rooijen

R Bonnar

S J Beattie

A F Smith

J Gardiner (appointed 10 December 2020)

J A Brown (appointed 01 June 2021)

B J Sykes (appointed 01 June 2021)

Andrew PL Walls (appointed 24 June 2021)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 to 4.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



A J Jamieson

Director

Offshore House, Albert Street, Blyth, Northumberland NE24 1LZ

24 June 2021

Offshore Renewable Energy Catapult

Statement of directors' responsibilities in respect of the annual report, the directors' report and the financial statements

The directors are responsible for preparing the Annual Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Offshore Renewable Energy Catapult

Opinion

We have audited the financial statements of Offshore Renewable Energy Catapult ("the company") for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated and company statement of changes in equity, and related notes, including the accounting policies on pages 21 to 26.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue consists entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgements, with commercial revenues based on the completion of services provided and grant funding claims based on reclaiming costs which have already been incurred.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and grant funding terms and conditions, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
25 June 2021

Offshore Renewable Energy Catapult

Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	1	29,081	27,955
Cost of sales		(10,122)	(8,116)
Gross profit		18,959	19,839
Administrative expenses		(22,885)	(22,342)
Other operating income		5,971	5,803
Operating profit	3	2,045	3,300
Interest receivable and similar income	4	12	31
Profit before taxation		2,057	3,331
Tax charge on profit	5	(455)	(504)
Profit for the financial year		1,602	2,827
Total comprehensive income for the year		1,602	2,827

All of the group's activities are continuing.

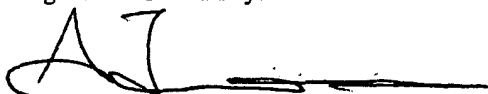
The notes on pages 21 to 38 form part of the financial statements.

Offshore Renewable Energy Catapult

Consolidated balance sheet as at 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	7		64,550		67,796
Investments	8		14		14
			64,564		67,810
Current assets					
Debtors	9	5,526		5,442	
Cash at bank and in hand		16,932		14,351	
		22,458		19,793	
Creditors: amounts falling due within one year	10	(14,740)		(12,462)	
Net current assets			7,718		7,331
Total assets less current liabilities			72,282		75,141
Creditors : amounts falling due after more than one year	11		(53,799)		(58,481)
Provisions for liabilities	12		(6,400)		(5,997)
Net assets			12,083		10,663
Capital and Reserves					
Other reserves			145		-
Profit and loss account			11,938		10,663
Total equity			12,083		10,663

The financial statements on pages 15 to 38 were approved by the board of directors on 24 June 2021 and were signed on its behalf by:



A J Jamieson
Director

Registered number: 04659351

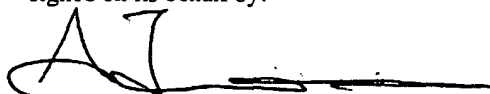
The notes on pages 21 to 38 form part of the financial statements.

Offshore Renewable Energy Catapult

Company balance sheet as at 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	7		64,550		67,796
Investments	8		39		39
			64,589		67,835
Current assets					
Debtors	9	3,202		2,288	
Cash at bank and in hand		10,141		9,873	
		13,343		12,161	
Creditors: amounts falling due within one year	10	(14,545)		(11,833)	
Net current (liabilities) / assets			(1,202)		328
Total assets less current liabilities			63,387		68,163
Creditors : amounts falling due after more than one year	11		(53,591)		(58,481)
Provisions for liabilities	12		(6,400)		(5,997)
Net assets			3,396		3,685
Capital and Reserves					
Profit and loss account			3,396		3,685
Total equity			3,396		3,685

The financial statements on pages 15 to 38 were approved by the board of directors on 24 June 2021 and were signed on its behalf by:



A J Jamieson
Director

Registered number: 04659351

The notes on pages 21 to 38 form part of the financial statements.

Offshore Renewable Energy Catapult

Consolidated statement of changes in equity

	Note	Other reserves	Profit and loss account	Total capital
		£'000	£'000	£'000
Balance as at 1 April 2019		-	7,836	7,836
Profit and total comprehensive income for the financial year			2,827	2,827
Balance as at 31 March 2020		-	10,663	10,663
Balance as at 1 April 2020		-	10,663	10,663
Acquisition of a subsidiary – consolidation of historical reserves	8	145	(327)	(182)
Profit and total comprehensive income for the financial year		-	1,602	1,602
Balance as at 31 March 2021		145	11,938	12,083

The notes on pages 21 to 38 form part of the financial statements.

Offshore Renewable Energy Catapult

Company statement of changes in equity

	Profit and loss account	Total capital
	£'000	£'000
Balance as at 1 April 2019	3,953	3,953
Loss and total comprehensive expense for the financial year	(268)	(268)
Balance as at 31 March 2020	3,685	3,685
Balance as at 1 April 2020	3,685	3,685
Loss and total comprehensive expense for the financial year	(289)	(289)
Balance as at 31 March 2021	3,396	3,396

The notes on pages 21 to 38 form part of the financial statements.

Offshore Renewable Energy Catapult

Consolidated cash flow statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash outflow from operating activities	16	(10,812)	(10,768)
Cash flows from investing activities			
Interest received		12	31
Purchase of tangible fixed assets		(2,903)	(3,214)
Acquisition of a subsidiary	8	(327)	-
Net cash outflow from investing activities		(3,218)	(3,183)
Cash flows from financing activities			
Grants received		16,611	16,520
Net cash inflow from financing activities		16,611	16,520
Net increase in cash and cash equivalents		2,581	2,569
Cash and cash equivalents at the beginning of the year		14,351	11,782
Cash and cash equivalents at the end of the year		16,932	14,351

Cash and cash equivalents amounts at the end of the year include a balance of £3.5m (2020: £3.5m) in relation to funds received from Samsung which are held in a restricted cash account strictly for use against potential future decommissioning of the Levenmouth turbine at the end of its economic useful life.

The notes on pages 21 to 38 form part of the financial statements.

Offshore Renewable Energy Catapult

Statement of accounting policies

General Information

Offshore Renewable Energy Catapult ('the Company') and its subsidiaries (together 'the Group') accelerate the design, deployment and commercialisation of renewable energy technology innovation, helping to attract UK and overseas investment and to realise the significant opportunities presented by the UK's offshore renewable energy resources.

The company is a company limited by guarantee and is incorporated, domiciled and registered in England. The registered number is 04659351 and the address of its registered office is Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ.

Statement of compliance

The Group and Company financial statements of Offshore Renewable Energy Catapult have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going Concern

The Company's business activities, together with the factors likely to affect its future development are set out in the Directors' Report on pages 4 to 6. The Catapult performed strongly despite the disruption associated with the COVID-19 pandemic and delivered a Group profit before taxation of £2.1m (2020: £3.3m) and turnover of £29.1m (2020: £28.0m). The COVID-19 pandemic did not adversely impact the Group's results for the year, despite a switch to 'remote' working for all office-based staff during March. The Company continues to have a strategy of growth and the directors remain committed to ambitious revenue targets for FY2021/22 and beyond. As a result of restrictions arising from the COVID-19 pandemic, all office based staff switched to remote working during March 2020, while there have inevitably been some challenges to overcome, this was more straightforward to achieve than might have been envisaged, due to the early adoption of enabling ICT systems including the use of Microsoft Teams software. As regards our on-site test and validation activity, the Blyth site was closed for a short period of time (c. 2 weeks) to all activities, however after extensive planning and the full adoption of COVID-19 mitigating procedures was quickly re-opened and the site is fully operational. In

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Going Concern (continued)

mitigation both financial governance and control procedures were tightened focusing on the enhanced scrutiny of the financial results on a monthly basis, and in particular on debt collection.

Despite COVID-19 the financial statements have been prepared on a going concern basis which the directors believe to be appropriate, for the following reasons.

At the year end, the group had net assets of £12.1m. It manages its day to day and medium term funding requirements through cash balances and a key element of this is the receipt of monthly grant funding from Innovate UK the amounts for which are known and committed to 31 March 2023. These cash balances are forecast to provide sufficient liquidity to finance seasonal cash flows in the ordinary course of business.

The global COVID-19 coronavirus pandemic is impacting all businesses. As a result of the pandemic, the nature of the Company's business is such that in the next twelve months, there is expected to be an unpredictable variation in the value and timing of cash inflows. The directors have prepared projected cash flow information for the fifteen months from the date of approval of these financial statements. These forecasts have also modelled plausible downside scenarios which they believe have the potential to arise and such scenarios include a 30% reduction in testing and validation activities as a result of not securing key contracts from our cornerstone client and an envisaged 19% reduction in collaborative research and development activity to align with current financial year performance levels achieved during the height of COVID-19 pandemic.

Reflecting the Company's strong cash position overhead costs and capital investment costs remain at their original budgeted levels further evidencing that the Group cash flow remains in a stable position for the foreseeable future. On the basis of this cash flow information the directors consider that the Company will continue to meet its financial obligations as they fall for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March 2021.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Basis of consolidation (continued)

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- (ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provisions (note 12)

Provision is made for decommissioning the Group's fixed assets, where appropriate. These provisions require management's best estimate of the costs that will be incurred in the future.

Turnover

Turnover represents receipt/release of revenue grants and net invoiced sales, excluding value added tax, except in respect of service contracts where turnover is recognised when the Company obtains the rights to consideration. Where work is partially complete at the year-end income is deferred in respect of any payments received in advance. The origination and destination of turnover relates exclusively to the UK.

Cost of sales

This includes all direct costs including power, consumables, raw materials and direct consultancy costs.

Administrative expenses

This comprises salary, pension & NI costs, depreciation, rent, legal & professional & audit costs, building & plant maintenance, rates, IT & telecoms, travel & subsistence, marketing and other administrative costs.

Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation and any impairment. Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use and where appropriate, decommissioning costs. In the case of assets of own construction cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Short leasehold land and buildings	- In accordance with the lease
Buildings	- Straight line over 25 years
Plant and machinery	- Straight line over 3 to 10 years
Computer equipment	- Straight line over 3 years

The useful economic lives and residual values are reviewed annually by management.

Assets in the course of construction are not depreciated until they are brought into use.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the statement of comprehensive income in the period to which they relate. Scheme assets are held separately from those of the Group in an independently administered fund.

Grants

Grants of a capital nature are credited to the balance sheet and released to the statement of comprehensive income over the useful life of the assets concerned. Grants which are revenue in nature are released to the statement of comprehensive income over the period to which they relate.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the statement of comprehensive income over the term of the lease as an integral part of the total lease expense.

Finance leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability is included within the Creditors balance as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive income. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Investments

Investments are recorded at cost less any provision for impairment.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Offshore Renewable Energy Catapult

Notes to the financial statements

1 Turnover

	2021	2020
	£'000	£'000
Sales to external parties	16,483	14,701
Grant income	12,598	13,254
	29,081	27,955

2 Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	11,494	9,744
Social security costs	1,203	997
Other pension costs	985	840
	13,682	11,581

No amounts were prepaid or outstanding at the year-end in relation to the pension costs of defined contribution pension schemes.

The average monthly number of employees (Group and Company) during the year was as follows:

	2021	2020
Directors	11	11
Staff	214	189
	225	200

Total Directors' Emoluments are as follows:

	2021	2020
	£'000	£'000
Emoluments	469	496
Pension contributions to money purchase schemes	9	11

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

2 Staff costs (continued)

Information regarding the highest paid director is as follows:

	2021	2020
	£'000	£'000
Emoluments	269	263
Pension contributions to money purchase schemes	-	-

During 2020 1 director (2020: 1) is accruing benefits under the pension scheme.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2021	2020
	£'000	£'000
Depreciation – owned assets	6,654	6,130
Fees payable to Company's auditors for the audit of parent company and consolidated financial statements	30	22
Fees payable to the Company's auditors for other services:		
The audit of Company's subsidiaries	24	18
Tax services	23	23
Operating lease charges – other (land and buildings)	680	696
Release of deferred grant income	(20,706)	(19,556)

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

4 Interest receivable and similar income

	2021	2020
	£'000	£'000
Bank interest receivable	12	31

5 Tax on profit

(a) Analysis of the tax charge

The tax charge on the profit before taxation was as follows:

	2021	2020
	£'000	£'000
Current tax:		
UK Corporation tax	(547)	(470)
Adjustments in respect of prior periods	93	(34)
Total current tax	(454)	(504)
Deferred tax:		
Origination and reversal of timing differences	(1)	-
Total Deferred tax	(1)	-
Tax charge on profit	(455)	(504)

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

5 Tax on profit (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2021	2020
	£'000	£'000
Profit before taxation	2,057	3,331
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(391)	(633)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(1,265)	(1,172)
Income not taxable for tax purposes	1,191	1,112
Effects of other tax rates/credits	(83)	223
Adjustments in respect of prior periods	93	(34)
Tax charge on profit	(455)	(504)

The UK corporation tax rate applying to the Company was 19% (2020: 19%).

(c) Factors that may affect future tax changes

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The UK Budget in March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023, however this increase has not yet been substantively enacted. This will increase the company's future current tax charge accordingly.

6 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent Company's loss for the financial year was £0.3m (2020: loss of £0.3m).

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

7 Tangible assets

Group and company

	Buildings	Assets under construction	Plant and machinery	Computer equipment	De-commissioning costs	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2020	59,944	-	53,193	4,577	3,394	121,108
Additions	103	189	1,786	825	-	2,903
Provision revaluation	-	-	-	-	505	505
At 31 March 2021	60,047	189	54,979	5,402	3,899	124,516
Accumulated depreciation						
At 1 April 2020	13,311	-	35,565	3,251	1,185	53,312
Charge for year	2,387	-	3,122	761	384	6,654
At 31 March 2021	15,698	-	38,687	4,012	1,569	59,966
Net book value						
At 31 March 2021	44,349	189	16,292	1,390	2,330	64,550
At 31 March 2020	46,633	-	17,628	1,326	2,209	67,796

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

8 Investments

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Unlisted Investments				
Shares in group undertakings	-	-	25	25
Other investments not loans	14	14	14	14
Cost and net book value	14	14	39	39

The directors believe that the carrying value of the investments is supported by their underlying net assets. Additional information is as follows:

Group

The Group holds a 1.25% interest in the shares of Goliath Wind OU and a 10% holding in the shares of Narec Distributed Energy Limited.

Group and Company

The group and the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries:

ORE Catapult Development Services Limited

Nature of business: New and renewable energy sources.

Registered office: Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

	%
Class of shares	Holding
Ordinary	100

Distributions to the Company from its subsidiary are restricted by a management agreement. Distributions can only be made if such distributions will not have the effect of reducing the subsidiary's reserves below £100,000.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

8 Investments (continued)

Offshore Wind Growth Partnership Limited

Nature of business: UK Offshore Wind Sector Deal programme delivery

Registered office: Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

	%
Class of shares	Holding
Ordinary	100

Indirect Subsidiaries:

Wind Energy Benchmarking Services Limited

Nature of business: Offshore renewable energy data collation and interpretation.

Registered office: Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

	%
Class of shares	Holding
Ordinary	100

As at 1 April 2020, Wind Energy Benchmarking Services Limited was a joint venture between ORE Catapult Development Services Limited and Natural Power Consultants Limited. As of 26 March 2021, Wind Energy Benchmarking Services Limited became a wholly owned subsidiary of ORE Catapult Development Services Limited following the acquisition of the 49% shareholding previously held by Natural Power Consultants Limited.

Shandong TUS Offshore Renewable Energy Centre (TORC) Limited

Nature of business: Renewable energy technology research and development centre

Registered office: No.69 The Pioneer Plaza of Yantai Hi-tech Industrial Development Zone, Shandong Province, People's Republic of China, P.C.264670

	%
Class of shares	Holding
Ordinary	30

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

9 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	1,948	2,061	455	421
Amounts owed by related parties	-	50	-	-
Other debtors	4	1	4	1
VAT, other taxation and social security	494	458	491	458
Deferred tax debtor (note 13)	2	3	2	3
Prepayments and accrued income	3,078	2,869	2,250	1,405
	5,526	5,442	3,202	2,288

Amounts owed by group undertakings and related parties are unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	3,627	2,410	3,342	2,056
Amounts owed to group undertakings	-	-	1,453	821
Other creditors	1,095	510	692	320
Finance lease liability	151	140	151	140
Other taxation and social security	784	879	395	293
Accruals and deferred income	9,083	8,523	8,512	8,203
	14,740	12,462	14,545	11,833

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

10 Creditors: amounts falling due within one year (continued)

Accruals and deferred income balance includes £6.3m (2020: £6.4m) of deferred income expected to be released in the forthcoming financial period to offset the depreciation charge incurred on tangible fixed assets in line with the grant funding arrangements.

As part of the repayment plan agreed with Samsung following the decision to continue with the ownership of the Levenmouth turbine, the third instalment of £0.7m will become repayable in October 2021 and is part of the Other creditors balance falling due within one year.

11 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other creditors	2,300	3,000	2,300	3,000
Finance lease liability	318	480	318	480
Accruals and deferred income	51,181	55,001	50,973	55,001
	53,799	58,481	53,591	58,481

Accruals and deferred income relate to deferred capital and revenue grant receipts, analysed as follows:

	Group
	£'000
At 1 April 2020	61,365
Receivable in the year	16,611
Released to the profit and loss account	(20,706)
At 31 March 2021	57,270
Amounts falling due within one year	6,297
Amounts falling due after more than one year	50,973
At 31 March 2021	57,270

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

11 Creditors: amounts falling due after more than one year (continued)

Following the expiry of the initial three year period of ownership of the Levenmouth turbine in 2019, the £3.5m balance repayable to Samsung in instalments thereafter has been reallocated as Other creditors, having previously been recognised within Provisions for liabilities. A repayment plan has been agreed with Samsung whereby £0.7m will become repayable in October 2021 (2020: £0.3m in October 2020) and is part of the Other creditors balance falling due within one year, with the remaining balance of £2.3m held within the Other creditors balance due after more than one year. The £3.5m of funds received from Samsung are held strictly for use against potential future decommissioning and are disclosed within cash in a restricted account.

12 Provisions for liabilities

Provisions of £6.4m (2020: £6.0m) relate to £2.4m decommissioning costs in respect of the construction of the offshore anemometer platform and £4.0m of costs in relation to decommissioning the Levenmouth turbine at the end of its economic useful life.

13 Deferred tax

	2021 Unrecognised £'000	2021 Recognised £'000	2020 Unrecognised £'000	2020 Recognised £'000
Depreciation in excess of capital allowances	-	2	-	3
Total deferred tax asset	-	2	-	3

	2021 £'000	2020 £'000
At 1 April 2020	3	3
Charge through statement of comprehensive income (note 5)	(1)	-
At 31 March 2021	2	3

Balances above are in respect of both the Company and Group.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

14 Operating lease commitments

The Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
	£'000	£'000
Payments due:		
Not later than one year	636	636
Later than one year and not later than five years	2,007	2,227
In more than five years	4,160	4,576
	6,803	7,439

During the year £0.7m was recognised as an expense in the statement of comprehensive income in respect of operating leases (2020: £0.7m).

15 Finance lease commitments

During the year ended 31 March 2020, cooling equipment was acquired for Fujin, part of which was funded via a lease agreement for a period of 4 years commencing in March 2020. At the end of the lease agreement, there is an option to purchase the equipment for a nominal value. The equipment was recognised as a fixed asset under Plant and Machinery, at a cost of £0.6m with the corresponding balance repayable under the finance lease liability recognised within Creditors: amounts falling due within one year and Creditors: amounts falling due after more than one year.

	2020	2020
	£'000	£'000
Payments due:		
Not later than one year	177	177
Later than one year and not later than five years	354	531
In more than five years	-	-
	531	708

During the year £0.03m was recognised as an expense in the statement of comprehensive income in respect of finance leases (2020: £nil).

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

16 Reconciliation of profit to net cash outflow from operating activities

	2021 £'000	2020 £'000
Profit for the year	1,602	2,827
Taxation	455	504
Interest receivable and other income	(12)	(31)
Operating profit	2,045	3,300
Depreciation charges	6,654	6,130
Increase in debtors	(84)	(824)
Decrease in creditors	1,408	675
Revenue grants released	(12,598)	(13,254)
Capital grants released	(6,269)	(5,846)
Deferred grants	(1,513)	(445)
Cash flow from operating activities	(10,357)	(10,264)
Tax paid	(455)	(504)
Net cash outflow from operating activities	(10,812)	(10,768)

17 Related party disclosures

The Company has taken advantage of the exemption, FRS102.33.1A 'Related Party Disclosures', from disclosing transactions or balances with all companies in the Group which are wholly owned subsidiaries.

Shandong TUS Offshore Renewable Energy Centre (TORC) Limited is a joint venture between ORE Catapult Development Services Limited, a wholly owned subsidiary, and TUS Mingshi Science and Innovation Co Limited. As at the year end, the outstanding debtor balance repayable by Shandong TUS Offshore Renewable Energy Centre Ltd ("TORC") was £nil (2020: £35,000).

18 Ultimate controlling party

The directors do not consider there to be an ultimate controlling party of the Group.